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# CIACA



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# CONSTRUCTION BULLETIN

CONSTRUCTION INDUSTRY ADVISORY COUNCIL OF ALBERTA

SEPTEMBER, 1987 VOL. 1 NO. 3

## CHAIRMAN'S REPORT

# Construction Centre Proposed

CIACA is awaiting word from the Minister of Labour about the fate of the planned Cost Effective Construction Centre, a resource centre to provide support to both unions and contractors for cost effective construction projects in Alberta.

After an earlier more expensive proposal was rejected because of government spending restraints, the Construction Owners Association of Alberta agreed to share its offices and support staff to reduce overhead. It is this scaled-down proposal which is now before the minister.

In early 1986, a three-member subcommittee of CIACA began to review the possibilities of establishing a program to support cost effective construction in Alberta. This subcommittee was made up of representatives of owners, contractors and trade unions. The provincial government assisted by providing funds for hiring a facilitator. Together, they put together a proposal, which was presented to the full council and then reviewed and discussed by industry participants at an all-day forum.

Contact was also made and input received from the Construction Owners



Association, the Industrial Contractors Association, the Edmonton Chamber of Commerce, the U.S. Business Round Table and the Professional Management Institute.

The final proposal was submitted to the Minister of Labour with a request for funding for two years, at an estimated cost of \$100,000 per year.

The proposal included a resource

and support centre to promote cost effectiveness in construction. It would collect information about ideas and programs that have been used successfully, and make them available to the industry at large. The centre would co-ordinate seminars and work with any participant to help establish cost effective programs for organizations and for all stages of construction projects.

**Labour shortages by 1989 — see construction forecast, p.3**



## Chairman's Report cont'd

This Cost Effective Construction Centre was to be run by a steering committee representing owners, contractors, trade unions and government, with a director and a small secretariat to operate it.

The submission of this proposal coincided with the budget tightening of the Alberta government, and CIACA was asked to consider a lower-cost option, using more volunteer support from the organizations involved.

In the fall of 1986, CIACA accepted a scaled-down proposal from the COAA to have the two groups work together to establish a centre.

In the new proposal, the Cost Effective Construction Centre would use the offices and support of the COAA, but would still be run by a group representing owners, contractors, trade unions and government. Based on this alternate approach, the funding requirement was reduced from \$100,000 to \$25,000 per year (for support, clerical and printing costs).

The COAA reported to the CIACA

annual meeting in June that the minister had acknowledged that the centre would be an educational initiative in line with the recommendations of his review committee's white paper. The minister has promised to consider the funding proposal as soon as legislative issues have been dealt with.

### New Agenda for Council

In late June, the council met to consider the results of the annual CIACA general meeting and to clarify three issues to which CIACA should give its attention in the near future.

There is a general view that new or renewed investment initiatives are imminent in the resource industries, with a positive impact on the construction industry to be felt in the next year or two. The council believes that as the demand for construction services increases, there will be many problems to be dealt with in the rebuilding of an adequate and well-trained work force.

With these considerations in mind,

council has set the following agenda for the fall:

- A review of Bill 60, and its impact on the construction industry;
- A review of manpower and training issues; and
- A review of health and safety issues.

The council established three subcommittees to undertake these reviews, and report back in October. The committee on health and safety is also the cost effective construction committee.

The forecast committee will continue its work.

### Readership Survey

This is the third issue of the CIACA Bulletin, and it is time to take stock. We are circulating a readership survey with this issue. Please take a few moments to fill it out. Your response will help us improve both the content and distribution of the publication, to make sure it meets your needs.

Phil Walker, P.Eng.  
Chairman

# Annual Meeting Well Attended

All segments of the construction industry were well represented at CIACA's annual meeting June 4, which featured reports on council activities and a panel discussion on the future of the industry.

Mike Halpen, reporting on the forecasters group, explained the role of the forecasters in co-ordinating and focusing both public and private sector forecasts to provide information of use to the Alberta construction industry. The forecasters group's work is reported in each issue of the CIACA Bulletin. The bulletin, published three times a year, was established to disseminate forecast information as well as to keep the industry abreast of CIACA's activities. The first issue was published in January this year.

Neil Tidsbury outlined the work of the legislation review subcommittee in reviewing labour legislation and

amendments. Each piece of legislation was assessed for its impact on cost and stability within the industry, Mr. Tidsbury explained. The subcommittee made a number of recommendations to Labour Minister Ian Reid's Labour Legislation Review Committee earlier this year.

Thane Waldie reported on the subcommittee working to develop a Cost Effective Construction Centre. An earlier proposal was scaled down to accommodate provincial government budget cuts, and the subcommittee is awaiting a decision from the minister on funding for a centre to provide support and information to promote cost effectiveness in the construction industry. For more information about this project, see the chairman's report on page one.

The panel discussion focused on

"Critical Elements for a Positive Climate in Alberta's Construction Industry." Council members Thane Waldie and Harold Taylor represented owners and trade unions, respectively, while Gord Russell of the Alberta Construction Association represented contractors.

Among the concerns raised by the panel were health and safety, cost efficient work practices, streamlining bureaucracy, and labour supply and stability.

Many delegates to the annual meeting expressed disappointment with the number of representatives from government. The meeting was held the day before Bill 53 was tabled in the legislature and the minister was unable to attend. Alberta Labour was represented by Elizabeth Krywolt of the Mediation Services Branch.



# CONSTRUCTION FORECAST

In the January edition (Vol. 1, No. 1) CIACA's forecasters group presented two scenarios for economic activity, construction expenditures and construction employment. The first, Scenario A, was based on an oil price of around \$17/b (US) until the end of 1988, rising slowly to \$19/b by 1990. Scenario B was more optimistic, based on OPEC production controls pushing prices over the year and a half back up to \$23/b. The absolute size of the Alberta economy in 1990 would be 10 per cent larger for Scenario B. Under Scenario A, the economy would shrink in size for a year and a half and grow slowly until 1990.

The forecasters group has recently reviewed the two scenarios in light of recent developments, particularly in regard to higher oil prices.

In general, events are unfolding in

the range between the A and B scenarios shown in January, and this range is still valid as a planning guideline. (Please note: a few copies of the first issue are still available. Contact Janet Howell at 427-8531).

## Another Boom by 1993?

Residential construction is toward the upper end of the range between scenarios A and B, as is oil well drilling. However, these are offset by commercial construction, which is occurring in the lower part of the range, although actual activity has recently improved in this sector.

Since residential construction activity is relatively labour intensive, current employment forecasts are closer to the higher Scenario B than the lower scenario. Expected construction expenditures are still down the middle of the

range between the two scenarios.

This implies that construction expenditures will not recover to 1985 levels until 1989, while construction employment may recover to 1985 levels a year earlier.

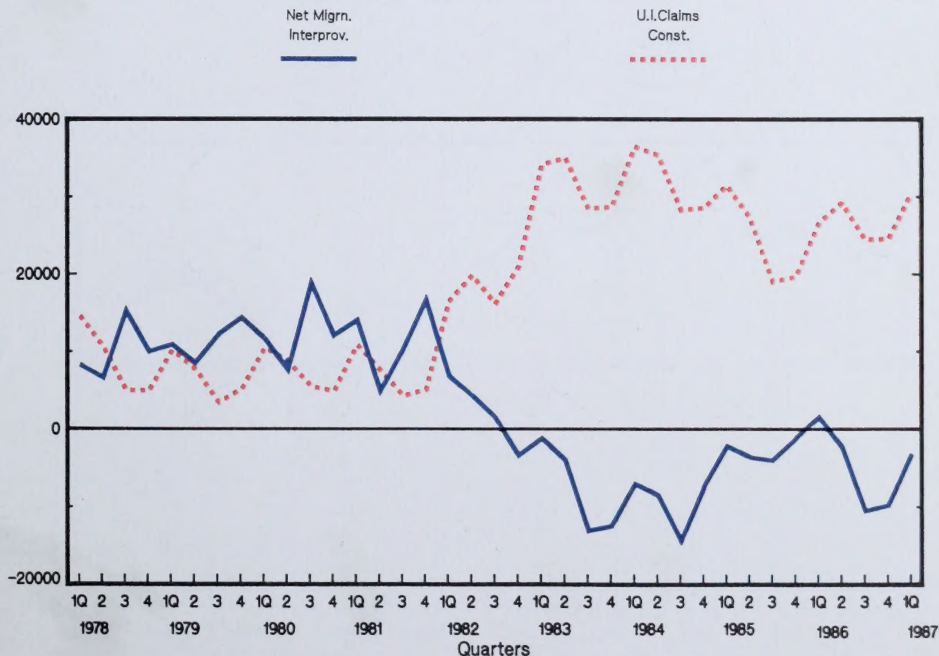
Looking beyond 1990, current forecasts now show even more potential than previously for a sharp run up in the level of construction activity in the early 1990s. Construction expenditures have the potential to jump from 1985 levels in 1989 back to the peak 1982 levels in 1993.

Note that this is the same magnitude of increase over the same period of time that occurred to the Alberta construction industry from 1978 to 1982.

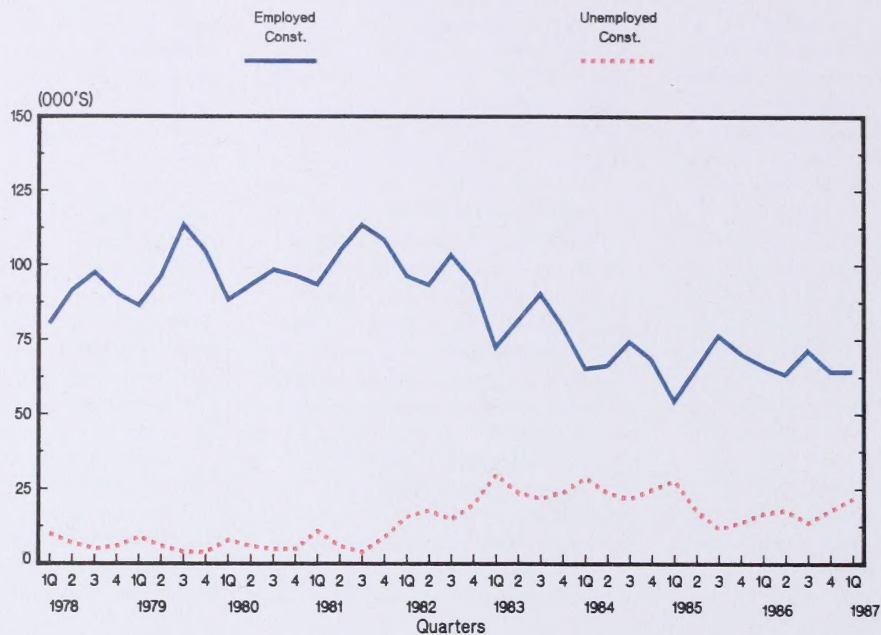
## CONSTRUCTION LABOUR OUTLOOK

In 1986, almost 90,000 people

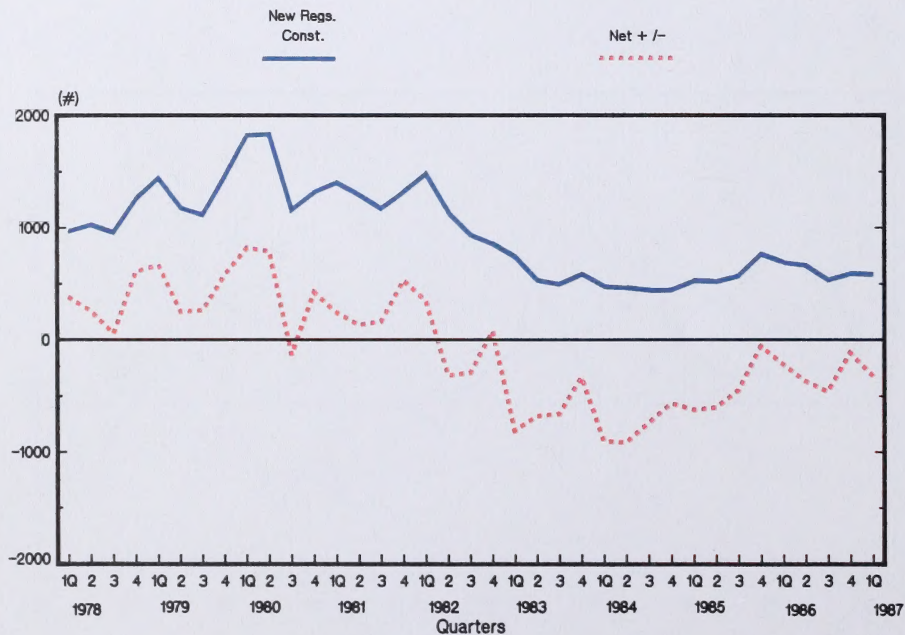
NET MIGRATION (INTERPROV.), AND CONSTRUCTION U.I. CLAIMANTS  
ALBERTA, 1ST QUARTER 1978 TO 1ST QUARTER 1987



# EMPLOYMENT AND UNEMPLOYMENT IN CONSTRUCTION OCCUPATIONS ALBERTA, 1ST QUARTER 1978 TO 1ST QUARTER 1987



## CONSTRN-RELATED NEW REGISTRATIONS AND NET (+/-) APPRENTICES ALBERTA, 1ST QUARTER 1978 TO 1ST QUARTER 1987





# **CIACA CONSTRUCTION BULLETIN** **Readership Survey**

1. Did you see a copy of the first three issues of the CIACA Construction Bulletin?

	Yes	No
(a) Vol. 1 No. 1 (January issue)	_____	_____
(b) Vol. 1 No. 2 (May issue)	_____	_____
(c) Vol. 1 No. 3 (September issue)	_____	_____

2. (a) Do you read the Bulletin?

\_\_\_\_\_ all of it (go to question #3)  
 \_\_\_\_\_ most  
 \_\_\_\_\_ some  
 \_\_\_\_\_ none (go to question #3)

(b) Do you read the section on CIACA activities?

\_\_\_\_\_ yes \_\_\_\_\_ no

(c) Do you read the section on construction forecasts?

\_\_\_\_\_ yes \_\_\_\_\_ no

3. Approximately how many other persons do you distribute your copy of the Bulletin to? \_\_\_\_\_

4. Who provides you with your copy of the Bulletin?

\_\_\_\_\_ Alberta Construction Association  
 \_\_\_\_\_ Labour Organization  
 \_\_\_\_\_ Construction Owners Association  
 \_\_\_\_\_ Contractors Organization  
 \_\_\_\_\_ Alberta Labour Department  
 \_\_\_\_\_ Other — Specify \_\_\_\_\_

5. (a) What type of organization are you with?

\_\_\_\_\_ Labour Organization  
 \_\_\_\_\_ Contractors Organization  
 \_\_\_\_\_ Construction Owners Association  
 \_\_\_\_\_ Alberta Government Department  
 \_\_\_\_\_ Other — Specify \_\_\_\_\_

## **Readership Survey**

5. (b) Approximately how many employees (members) are there in this organization? \_\_\_\_\_

6. Does the Bulletin meet your information needs about:

Very Much      Somewhat      Not at all

(a) CIACA Activities \_\_\_\_\_

(b) Availability of Construction Forecasts \_\_\_\_\_

(c) Construction Industry Economic Forecasts \_\_\_\_\_

(d) Economic Trends \_\_\_\_\_

7. How have you used the forecast information? (Check as many as apply)

\_\_\_\_\_ Manpower planning  
 \_\_\_\_\_ Monitoring plans for business expansion  
 \_\_\_\_\_ Planning basic purchases  
 \_\_\_\_\_ Other — Specify \_\_\_\_\_

8. Should the Bulletin continue?

\_\_\_\_\_ yes \_\_\_\_\_ no

9. What subjects would you like to see addressed in future issues?

10. What other changes would you like to see made to the CIACA Construction Bulletin?

Please fold, stamp and mail your return using this self addressed form.  
 Thank you for your response.

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## Construction Forecast cont'd

migrated from Alberta to other provinces in Canada. While this exodus was offset by an influx of almost 69,000 to Alberta, the net interprovincial loss of migrants was over 21,000. This exodus has created some concern that tradespeople may once again be in short supply in Alberta.

The pool of construction tradespeople is supplied by four main sources:

1. entrants and re-entrants to the construction industry from other industries or occupations;
2. migrants;
3. entrants from the pool of unemployed; and
4. new entrants as apprentices in construction trades.

The first source is difficult to measure. While the census gives some indication of mobility between industries and occupations, it is not conducted on a yearly basis.

The second source, migration, contributed an increasing proportion of tradespeople to the construction industry in Alberta. It is estimated that over 50 per cent of the growth in construction personnel requirements in the later 1970s was met by migrants. About 11 per cent of migrants who moved to Alberta between 1971 and 1976 were in construction occupations.

A more recent survey indicated that between 1981 and 1984, nine to ten per cent of out-migrants were in the construction occupations. Applying this figure to more recent out-migration statistics indicates that as many as 9,000 construction tradespeople left Alberta in 1986. Considering wage differences between Alberta and Ontario, that figure is probably an underestimate.

The third source of supply of construction workers comes from the pool of unemployed. According to the Labour Force Survey, Statistics Canada, there were an average of about 7,000 unemployed persons in construction occupations in 1978 — this compares to an average of 17,000 in 1986. Unemployment insurance claimants for construction occupations averaged about 8,800 for 1978. In 1986, the



number of UI claimants in construction occupations averaged 26,200. (For various reasons, the figures for UI claimants are higher than the number unemployed, eg: work-sharing with top-up by UIC).

The fourth source is the entrance of new tradespeople to the construction industry. The number of new registrations to the apprenticeship system for trades that may be considered as primarily in construction has declined dramatically in the past few years. New registrations in 1978 totalled 4,300 for construction-related trades, compared to 2,500 in 1986. Another indication of the supply of apprentices could be termed the "net" position, taking into account new registrations, reinstatements, cancellations and graduates. The net, or number of construction-related apprentices in the system, at the end of 1978 was just over 600. At the end of 1986, the figure dropped to -300. This negative figure

means that more construction-related apprentices are leaving the system than are entering it.

### Some Shortages Already

The \$20 per barrel scenario of construction manpower requirements that was forecast earlier this year for CIACA shows an increase in construction industry manpower demand of about 9,000 in 1987 over the 1986 figure. Of this 9,000, half, or about 4,500, are construction trades. The 1988 requirement for trades is forecast to increase by another 6,000.

Few concrete conclusions can be drawn regarding the supply/demand match of construction trades. With a pool of 13,000 unemployed in construction occupations in June of 1987, it is evident that there are available workers in the province. However, reported shortages of bricklayers, drywallers and carpenters have recently emerged. Overall shortages in trades will probably not occur before 1989.



# NEW COLLECTIVE BARGAINING STRUCTURE

For some time there has been a growing awareness of the need for a new collective bargaining structure in the construction industry. CIACA, in its submissions to the Labour Legislation Review Committee, suggested that "government should initiate and support a process through which the bargaining parties may develop a bargaining structure mechanism to effect a long-term industry agreement on common issues."

In its final report, the Labour Legislation Review Committee suggested the minister "advise the parties in the construction industry that unless they mutually develop a bargaining structure by May 1, 1987, a structure will be established."

Extensive consultation followed this recommendation, and on June 5, Bill 53, the Construction Industry Collective Bargaining Act was introduced. The bill and subsequent regulation are now law. Major highlights include the following:

- All employers and employees party to bargaining relationships in the con-

struction industry are subject to the statute. The Capacity Addition Project Agreement at the Syncrude plant site, the Christian Labour Association of Canada, several small independent employee associations, and the curb and gutter, pipeline, roadbuilding and quality control sections of the industry are exempt.

- Representative organizations of employers and employees are required to form bargaining federations whose configuration and objectives must meet general criteria specified in the regulation.

- The two federations will negotiate a single master agreement for the industry. The agreement will contain a general part and three subsidiary parts. All parties will be represented in negotiations for the general part. Those trades and employers affected will be represented in subsidiary bargaining. Industry-wide issues such as hours of work and jurisdiction and other matters as specified in the regulation, will be included in the general part. Other matters as agreed by the parties or

directed by the minister, including at least wages and benefits, will be addressed in subsidiary bargaining. The general portion of the master agreement will last five years, subsidiary parts three.

- If the federations are unable to reach agreement by 1987 or another date set by the minister, matters will be referred to a Construction Industry Disputes Resolution Tribunal, whose decision will be final and binding.

- A decision to strike or lockout requires a double majority; 60 per cent of those organizations voting in the federation must support the action. In employer organizations, those voting must also employ 60 per cent of the employees covered by the Act. In employee organizations those voting must also represent at least 60 per cent of those covered by the Act.

- Although arbitration exists as an option, the minister has repeatedly indicated his reluctance to use this mechanism if there remains a possibility the parties will reach agreement.

## FORECAST ACCESS

The following agencies offer construction forecast service subscriptions for purchase. For rates and details, contact the agencies directly.

### Canadata

1450 Don Mills Road, Don Mills, Ontario M3B 2X7  
(416) 445-6641

### Chase Econometrics Canada

3605 Commerce Court West Toronto, Ontario M5L 1G1  
(416) 365-9450

### Informetrica

P.O. Box 828, Station B, Ottawa, Ontario K1P 5P9  
(613) 238-4831

Current holdings of forecast publications which include

Alberta construction, available for loan or reference from the Library Services Branch include the following:

Alberta Construction Association, *Annual Forecast*.

Bank of Nova Scotia, *Global Economic Outlook* (annual).

Conference Board of Canada, *Quarterly Provincial Forecast*.

Electrical Utility Planning Council, *Alberta Energy and Demand Forecast* (annual).

Royal Bank of Canada, *Econoscope* (monthly).

To contact the Library Services Branch, use the RITE line (toll-free) or in Edmonton call 427-8533.

In addition, the 1988 forecast of the **Alberta Construction Association**, Box 3830, Station D, Edmonton, Alberta T5L 4J8, (403) 420-0005, will be available Dec. 18, free of charge.

The CIACA Construction Bulletin is published three times a year by the Construction Industry Advisory Council of Alberta. It is intended to inform the construction industry about the activities of the council, and to disseminate economic forecast information pertinent to the Alberta construction industry.

The bulletin is directed by an editorial board, chaired by Co J. Vanderlaan.

The editorial board is made up of the following, representing:

Labour	Jim Aitcheson
	Co Vanderlaan
Management	Merv Ellis
	Frank J. Maguire

Owners

Mike Halpen

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The chairman of the Construction Industry Advisory Council of Alberta is Phil Walker, P.Eng.